

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
March 21, 2018

Maple & Main, located at 22455 Maple Court in Hayward, requested and is being recommended for a reservation of \$670,017 in annual federal tax credits to finance the new construction of 48 units of housing serving tenants with rents affordable to households earning 50% of area median income (AMI). The project will be developed by Bay Area Property Developers and will be located in Senate District 10 and Assembly District 20.

Project Number CA-18-710

Project Name Maple & Main Apartments
 Site Address: 22455 Maple Court
 Hayward, CA 94541 County: Alameda
 Census Tract: 4354.00

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$670,017	\$0
Recommended:	\$670,017	\$0

Applicant Information

Applicant: Bay Area Property Developers
 AOF Pacific Affordable Housing Corp.

Contact: Molly O'Dell
 Address: 1850 Mt Diablo Blvd., Ste. 337
 Walnut Creek, CA 94596

Phone: 415-290-3661
 Email: molly.odell@pioneerdevelopmentllc.com

General Partner(s) or Principal Owner(s): Bay Area Property Developers
 AOF Pacific Affordable Housing Corp

General Partner Type: Joint Venture
 Parent Company(ies): New Cities Investment Partners
 The American Opportunity Foundation, Inc.

Developer: Bay Area Property Developers
 Investor/Consultant: Deutsche Bank
 Management Agent: Alliance Residential

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 240
 No. / % of Low Income Units: 48 20.00%
 Federal Set-Aside Elected: 20%/50%
 Federal Subsidy: Tax-Exempt

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: March 31, 2018

Information

Housing Type: Non-Targeted
 Geographic Area: East Bay Region
 TCAC Project Analyst: Marlene McDonough

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 48	100%

Unit Mix

14 SRO/Studio Units
 84 1-Bedroom Units
 122 2-Bedroom Units
 20 3-Bedroom Units

 240 Total Units

<u>Unit Type & Number</u>	<u>2017 Rents Targeted % of Area Median Income</u>	<u>2017 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
19 1 Bedroom	50%	50%	\$978
14 2 Bedrooms	50%	50%	\$1,173
11 2 Bedrooms	50%	50%	\$1,173
4 3 Bedrooms	50%	50%	\$1,356
14 SRO/Studio	Market Rate Unit	Market Rate Unit	\$2,205
55 1 Bedroom	Market Rate Unit	Market Rate Unit	\$2,450
96 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$3,206
10 3 Bedrooms	Market Rate Unit	Market Rate Unit	\$3,450
10 1 Bedroom	Market Rate Unit	Market Rate Unit	\$2,250
6 3 Bedrooms	Market Rate Unit	Market Rate Unit	\$3,400
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$3,206

TCAC-confirmed Projected Lifetime Rent Benefit: \$46,911,480

Project Cost Summary at Application

Land and Acquisition	\$13,395,746
Construction Costs	\$63,766,114
Rehabilitation Costs	\$0
Construction Contingency	\$2,230,362
Relocation	\$0
Architectural/Engineering	\$1,094,505
Const. Interest, Perm. Financing	\$7,530,692
Legal Fees, Appraisals	\$498,751
Reserves	\$1,588,940
Other Costs	\$9,436,524
Developer Fee	\$3,980,945
Commercial Costs	\$440,171
Total	\$103,962,750

Residential

Construction Cost Per Square Foot:	\$291
Per Unit Cost:	\$431,344
True Cash Per Unit Cost*:	\$427,007

Construction Financing

Source	Amount
Tax Exempt Bond Loan	\$99,040,857
Deferred Developer Fee	\$3,980,945
Tax Credit Equity	\$940,948

Permanent Financing

Source	Amount
Tax Exempt Bond Loan	\$96,451,652
Deferred Developer Fee	\$1,480,945
Tax Credit Equity	\$6,030,153
TOTAL	\$103,962,750

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$83,139,193
130% High Cost Adjustment:	Yes
Applicable Fraction:	18.96%
Qualified Basis:	\$20,489,825
Applicable Rate:	3.27%
Total Maximum Annual Federal Credit:	\$670,017
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,980,945
Investor/Consultant:	Deutsche Bank
Federal Tax Credit Factor:	\$0.90000

Per Regulation Section 10327(c)(6), the “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$83,139,193
Actual Eligible Basis:	\$83,139,193
Unadjusted Threshold Basis Limit:	\$91,830,008
Total Adjusted Threshold Basis Limit:	\$119,379,011

Adjustments to Basis Limit

95% of Upper Floor Units are Elevator-Serviced
55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 20%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.27% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions

Pursuant to TCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by TCAC prior to a project’s placing in service. Specifically, at least one of the co-general partners, Bay Area Property Developer or AOF Pacific Affordable Housing Corp. and The property management, Alliance Communities, Inc. shall complete training as prescribed by TCAC prior to the project's placing in service.

The tenants will be responsible for all gas utilities and each unit will have a separate meter. The owner will be responsible for all electric utilities.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the City of Hayward, has completed a site review of this project and supports this project.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions: None.